

**GREAT LAKES DREDGE & DOCK CORPORATION**

**ANTI-BRIBERY**

**AND**

**FOREIGN CORRUPT PRACTICES ACT**

**COMPLIANCE PROGRAM**

Updated 2017

## OVERVIEW

### **A. Why We Have This Program**

Bribery and corruption have been common (and illegal) in many countries for many years. In 2012, the U.S. Department of Justice published comprehensive guidance on the Foreign Corrupt Practices Act, and several other countries, including the U.K., have adopted similar laws, some of which are broader than (and prohibit conduct that would otherwise be permitted under) the Foreign Corrupt Practices Act. These laws are being vigorously enforced, and the potential penalties for failing to comply are severe. As a matter of good corporate policy, and to help manage our risk, Great Lakes Dredge and Dock Corporation ("GLDD") believes that it is important for GLDD and all of its employees, contracting partners, joint venture ("JV") partners and agents to be aware of and comply with these laws. Doing so is good business, good public policy, and good ethics. In addition, it is the right thing to do.

### **B. What Can Happen If We Don't Comply With These Laws**

GLDD could get fined or penalized. Some companies that have violated these laws have paid hundreds of millions of dollars in fines and penalties. In several cases, they have also been required to implement much more rigorous and extensive compliance policies—often with expensive and intrusive government oversight.

GLDD could be forced to give up any benefits that it has received as a result of contracts related to the violations.

GLDD could lose its ability to work on government contracts.

GLDD could be disqualified from certain bids/tenders.

GLDD could receive bad publicity and damage its reputation.

If an investigation occurs, GLDD could be required to spend significant time, energy and resources responding to the investigation—even if the investigation ultimately reveals that GLDD did nothing wrong.

Other companies might refuse to do business with GLDD.

GLDD could get in trouble with the Securities and Exchange Commission (which regulates the stock market where GLDD shares are traded).

The individuals involved could face disciplinary action and/or lose their jobs.

The individuals involved could face criminal charges, individual fines (which GLDD cannot reimburse), and/or jail.

### **C. What This Program Means For You**

GLDD wants all of its employees and agents, to have a general understanding of what these laws require, how to spot potential problems and red flags, and where to turn for help if you have questions about a transaction. The published guidance in this area involves a lot of general principles, but not a lot of bright-line rules, so the best response when you identify a potential problem or issue is usually to gather more facts and talk about the issue with someone who is familiar with the antibribery laws and GLDD's policies, such as GLDD's Chief Compliance Officer.

GLDD understands that cultures are different, business is competitive, other companies sometimes do things they shouldn't, and requests for gifts and favors are often subtle. This program is designed to help make sure that as we continue compete for business vigorously, we also do so ethically, legally, and on the basis of our experience, good service, and fair pricing—not bribes, gifts, or favors.

### **D. Where You Can Get Help If You Have Questions (or a Problem to Report)**

Questions can be directed to the following:

Chief Compliance Officer  
Legal Department

Any problem or issue may also be reported, with the option of anonymously reporting, to the ComplianceLine Hotline.

# GREAT LAKES DREDGE & DOCK CORPORATION ANTIBRIBERY AND FCPA COMPLIANCE POLICY

## I. OUR POLICY

Great Lakes Dredge & Dock Corporation ("GLDD") corporate policy prohibits all improper or unethical payments, including payments to foreign officials, everywhere in the world. This is true even if payment to foreign officials is a customary business practice in the country in which the payment is made. The purpose of this policy is to ensure compliance with the U.S. Foreign Corrupt Practices Act of 1977, as amended (the "FCPA"). GLDD may be required to follow other applicable anti-corruption laws and guidelines of other countries, such as the U.K. Antibribery Act (which is not limited to foreign officials) and the principles set forth in the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (the "OECD Convention").

As discussed in further detail below, the FCPA is a criminal statute that prohibits U.S. companies (such as GLDD) and their subsidiaries, employees, agents and representatives from bribing foreign officials in order to obtain or maintain business or otherwise secure an improper business advantage. In addition, the FCPA requires publicly traded U.S. companies (including GLDD) to fulfill recordkeeping and accounting requirements designed to prevent off-the-book transactions, including kickbacks, bribes and slush funds. **Our policy is as follows:**

*No officer, employee, agent, advisor or intermediary of, or affiliated with, GLDD or its subsidiaries or divisions (collectively, the "Company") shall offer, promise or make unlawful cash or in-kind payments or gifts to a foreign official or any other person to induce that official or any other person to affect any act or decision of a government or any other international organization or entity in a manner that will assist the Company in obtaining or maintaining business or otherwise secure an improper business advantage. Toward that end, every officer, employee and agent of the Company shall keep books, records and accounts that accurately and fairly reflect all transactions and dispositions of Company assets. All Company subsidiaries, business divisions, employees, representatives and agents must comply with the FCPA and in certain circumstances, other applicable anti-corruption laws, such as the UK Antibribery Act and the principles set forth in the OECD Convention.*

These laws apply even to those who are not citizens of the U.S., and to acts that take place outside the U.S.

## II. BACKGROUND INFORMATION ON THE FCPA

### A. Anti-Bribery Provisions of the FCPA.

The first part of the FCPA contains **anti-bribery** rules. The anti-bribery provisions of the FCPA prohibit any corrupt offer, payment, promise to pay, or authorization to pay any money, gift, or anything of value to any "foreign official," including a governmental official, any official of a public international organization, or any foreign political party, candidate or official, for the purpose of:

- influencing any act or decision of such party, official, or candidate in its, his or her official capacity;
- inducing such party, official, or candidate to do or omit to do an act in violation of the lawful duty of such party, official, or candidate;
- securing any improper advantage; or
- inducing such party, official, or candidate to use its or his influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality;

in order to assist in obtaining or retaining business for or with, or directing business to, any person. For purposes of the above prohibition, an employee of a state-owned, commercial entity is also considered a "foreign official" under the FCPA.

The Act also prohibits any payment to a third party where the payor "knows" that the third party will use any part of that payment for bribes. This "knowledge" standard imposes a duty on U.S. companies and individuals to select agents and other intermediaries, such as brokers and consultants, who do not have a reputation for making illegal payments or may, for other reasons, be anticipated to make illegal payments. Specifically, U.S. companies and individuals are prohibited from taking a "head-in-the-sand" attitude and from ignoring warning signs that should reasonably alert them of the high probability of an FCPA violation. Evidence of a "conscious disregard" or "willful blindness" of known circumstances that should reasonably alert one to the high probability of violations of the FCPA can constitute "knowledge." In an effort to comply with the "knowledge" standard, GLDD must conduct a due diligence review, as required, on its agents, contracting partners, JV partners, and other intermediaries, such as brokers and consultants. Resources for conducting this due diligence review are attached in the Appendices.

In very limited circumstances, the FCPA permits "facilitating," "expediting" or "grease" payments made to a foreign official for the purpose of securing or expediting routine governmental actions. The list of routine governmental actions is small, but includes such things as: the issuance of visas, work permits, and licenses; the clearance of goods through customs; and the provision of public services such as police protection, mail delivery and public utilities. However, in most countries, grease payments are viewed as bribes, violate local law, and could result in criminal penalties. In addition, other laws that have extraterritorial scope (such as the UK Antibribery Act, which applies to any company that does business in the UK, including non-UK companies engaged in transactions outside of the UK) do not contain exceptions for facilitation payments, in any amount. From a public relations perspective, grease payments could also have a detrimental effect because they contribute to a public perception that a U.S. company supports a corrupt business and political environment. Given these factors, **GLDD's corporate policy forbids facilitation payments altogether, unless they have been reviewed and approved by GLDD's Compliance Officer.** If, in a rare instance, a facilitation payment has been approved and paid, such payment must be accurately reported in GLDD's books and records. If certain actions are permitted by the FCPA but prohibited by local laws (and in certain circumstances other applicable anti-corruption laws, including the UK Antibribery Act and the OECD Convention), GLDD employees and agents may not go forward with such actions.

Similarly, it may be permissible to offer or pay for reasonable and bona fide expenditures, such as travel and lodging expenses of a foreign official, if such expenses are directly related to the promotion or demonstration of products or services, or to the execution or performance of a contract with a foreign government or agency. However, even a nominal payment or gift to a foreign official may amount to a violation of the FCPA if provided for corrupt purposes. Accordingly, GLDD's Chief Compliance Officer must be consulted before paying or offering to pay travel or other expenditures of foreign officials. In several countries, there are laws or regulations that limit or prohibit gifts or expense reimbursements for certain public officials. Therefore, foreign counsel may also need to be consulted with regard to these matters.

Finally, payments to foreign government officials that are permitted under the written laws and regulations of the recipient's country are permitted under the FCPA. As a practical matter, however, it is highly unlikely that any country in which GLDD does business would permit a payment to a foreign official in exchange for business. Thus, **GLDD and its employees, agents, brokers, intermediaries, and other representatives are strictly prohibited – as a matter of GLDD policy – from offering or making any such payments, even if they are permitted under the recipient country's laws.**

B. Recordkeeping Provisions of the FCPA.

The second main part of the FCPA covers the **recordkeeping** requirements that apply to registrants. The FCPA requires companies that are registered with the U.S. Securities and Exchange Commission, such as GLDD, to maintain "reasonably detailed" books and records, as well as a system of internal accounting controls, in order to reflect accurately all transactions and dispositions of assets. "Reasonable detail" is defined to mean "such level of detail and degree of assurance as would satisfy prudent officials in the conduct of their own affairs." There is no standard of "materiality" under the FCPA, and each division and subsidiary must have reasonable recordkeeping and accounting controls for all payments, not merely sums that would be material in the traditional sense. The FCPA's record-keeping provisions apply to both domestic and foreign operations, and are meant to include domestic reporting and disclosure practices as well as those involved in foreign payments.

One issue that has been particularly problematic for some companies that have been involved in bribery investigations is attempts to mischaracterize a bribe as something else. **Calling a bribe something else does not change the fact that it is still a bribe, and doing so can create recordkeeping violations and liability, in addition to the potential bribery violations and liability.**

GLDD is covered by the FCPA's accounting provisions and must comply with the FCPA's books and records provisions. Our system of internal accounting controls helps enable GLDD to identify any irregularities in its accounts and could serve to alert GLDD that an agent or employee has engaged in a violation.

C. Penalties for Violations.

The consequences of violating antibribery laws are severe. Violation of the FCPA and related laws can result in substantial fines for GLDD and can subject guilty GLDD employees and certain agents to prosecution, criminal fines and imprisonment. These penalties are in addition to disciplinary action that GLDD may take, which can include dismissal. Furthermore, the FCPA states that fines and penalties imposed upon individuals may not be paid directly or indirectly by the entity for which they may have acted. Thus, by law, any employee or agent found to have violated the FCPA could be personally liable for any penalties. In the past several years, litigation brought against organizations for non-compliance with the FCPA has increased significantly, along with the associated penalties. In addition to civil and criminal penalties, a person or company found in violation of the FCPA may be precluded from doing business with the U.S. government.

**III. GUIDANCE FOR ACCOUNTING EMPLOYEES**

GLDD employees in accounting and finance roles should pay particular attention to accounts payable and disbursement transactions. Any expenses that are vaguely described should be flagged for further review, regardless of materiality. A bribe, however small, is a violation of the FCPA's accounting provision. Moreover, even a "commercial" bribe violates accounting provision. For example, bribes may be characterized as one or more of the following:

Commissions or royalties	Miscellaneous expenses	Write-offs
Travel/Entertainment Expenses	Petty cash	Client relationship
Rebates or Discounts	Free Goods	Business development
After Sales Services Fees	Intercompany Accounts	Consulting fees

If you see a suspicious transaction, follow up with the following steps:

- Obtain full supporting documents behind the disbursement request.
- For foreign language invoices, seek a translation from an independent translator for further review.
- Compare payment amount and details (i.e., the stated purpose of the payment) to the invoice or purchase order request to see if they match.
- Look for signs of fictitious invoices, company names, or personnel.
- Confirm that the person requesting payment and the approver of the expense are two different individuals.
- Look for any irregularities in the payment approval process. For example look out for payment requests with amounts just under the threshold amount necessary for multiple or second-tier approval.
- Closely monitor requests for change of expense classification or intercompany accounts.

In addition, accounting professionals should also look for the following warning signs of corruption:

- An abnormal or unexplained pattern of cash payments, either to a third party or to another individual within the organization.
- Pressure exerted by any party (including a Company employee) for payment to be made urgently or ahead of schedule.
- Request for payment from unrecognized third parties or in an unusual manner
- Any arrangement to conduct business or make payments to an organization or individual via a third party not directly associated with that organization or individual.
- Abnormally high commission rates or fees being paid out to a particular agent whether as a single sum or split.
- A frequent or unjustifiable insistence that normal approval or decision-making process be sidestepped either through bypassing normal procedures, independent checks, or acting under delegated powers.
- Blocking activities such as audit and scrutiny that brings a degree of independent check and transparency to organization's activities. For example, submitting a "manual request" for a payment disbursement when it's usually done electronically.

If an accounting professional suspects a payment to be a bribe, he or she must suspend disbursement, inform the supervisor, and seek direction from the Chief Compliance Officer. If the bribe (or suspected bribe) is discovered after the disbursement takes place, it should still be reported to the Chief Compliance Officer.

#### **IV. REQUIRED COMPLIANCE FOR ALL GLDD EMPLOYEES AND AGENTS**

To promote FCPA compliance, all of GLDD's employees and agents are expected to follow the following rules. Failure to do so will result in disciplinary action. Abiding by these rules will help ensure compliance with the FCPA and preserve GLDD's reputation for honest and fair dealing with governments and their representatives throughout the world.

A. General Rules. The following rules have been established for all employees, directors and agents acting on behalf of GLDD, its subsidiaries, ventures and other related entities:

1. No unlawful payment or gift of any kind may be promised, offered, authorized or made to any foreign official or other person in order to induce that official or other person to use his or her position to obtain or retain business for GLDD or to obtain an improper business advantage, including but not limited to: (i) using his or her position to influence another person (including a foreign official); or (ii) using his or her position to make an unlawful payment or gift (as specified above) to another person (including a foreign official).

2. Notwithstanding the foregoing, expenditures for meals, entertainment and other normal social amenities spent on foreign officials are permitted, provided they are not extravagant, are related to the promotion of a product or performance of a contract, and are approved by the Chief Compliance Officer. Keep in mind that even nominal payments or gifts can violate the FCPA, the UK Antibribery Act, the OECD Convention, or the anti-corruption laws of the recipient's country.
  3. "Grease" or facilitating payments intended to expedite the provision or furnishing of routine government services (e.g., payments to speed the issuance of visas) are generally prohibited unless prior approval is obtained from the Chief Compliance Officer.
  4. Each GLDD subsidiary, business division, employee and agent involved with foreign business transactions must ensure that "reasonably detailed" books and records are maintained, and structure or participate in a system of internal accounting controls, in order to reflect accurately all transactions and dispositions of assets. These requirements apply with particular force to payments made to foreign agents working on GLDD's behalf.
- B. Training. GLDD conducts periodic FCPA training for the benefit of those employees that could potentially interface with government officials or entities. This training may be in a variety of formats, including live classes, teleconferences, online web-based self-study training, or webcast presentations.
- C. Monitoring. The Chief Compliance Officer and the Internal Audit Department may perform several monitoring procedures and/or audits with regards to this Program.
- D. Reporting Violations - Whistleblower Hotline. GLDD has established a confidential reporting mechanism for employees and Agents who observe acts that may be in violation of the FCPA or other anti-bribery laws. Any transaction that might give rise to a violation should be reported via the ComplianceLine whistleblower hotline of GLDD. All such reports will be treated as confidential, to be used only for the purpose of addressing the specific problem. Such reports will be shared by GLDD management and other authorized individuals only on a need-to-know basis. GLDD will take no adverse action against any person who makes such a report as long as a report is made honestly and in good faith. Employees must note, however, that failure to report known or suspected wrongdoing of which an employee has knowledge may subject that employee to disciplinary action.

GLDD employees may report actual or potential FCPA violations on an anonymous basis via the ComplianceLine whistleblower hotline at the web address or hotline number listed below:

[gldd.mycompliancereport.com](http://gldd.mycompliancereport.com)

Hotline: 1-888-579-1670